

SENATE RESOLUTION NO. 40

BY SENATORS CARTER, LUNEAU, REESE AND WOMACK

A RESOLUTION

To urge and request the governor of Louisiana, the members of Louisiana delegation of the United States Congress, the Senate Committee on Finance, and the House Committee on Appropriations to respond immediately to the drastic decline in the balance of Louisiana's unemployment trust fund to protect employers and workers during this time of economic uncertainty.

WHEREAS, as of March 1, 2020, Louisiana's unemployment trust fund was the seventeenth most solvent in the nation as determined by the United States Department of Labor, with a balance of approximately \$1,058,000,000; and

WHEREAS, the funds in Louisiana's unemployment trust fund come from state unemployment tax payments made by Louisiana employers on their employees' earnings up to the amount of the taxable wage base; and

WHEREAS, the funds in Louisiana's unemployment trust fund are exclusively used for the payment of unemployment benefits to eligible and qualified Louisiana unemployed workers; and

WHEREAS, on March 11, 2020, Proclamation 25 JBE 2020 was issued by the governor declaring a public health crisis in the state due to a novel coronavirus commonly known as COVID-19, and that proclamation has continued in effect, renewed in various degrees in accordance with Centers for Disease Control and Prevention (CDC) guidelines, as the virus has progressed in Louisiana; and

WHEREAS, COVID-19 has caused major disruptions to the state's economy, forcing many businesses to temporarily close and many workers to be laid off or furloughed; and

WHEREAS, Louisiana's initial unemployment insurance claims for the week ending March 21, 2020, was 72,438, a dramatic increase from the 1,698 initial claims filed for week ending March 7, 2020; and

WHEREAS, according to the Bureau of Labor Statistics, U.S. Department of Labor, Louisiana's unemployment rate was 13.3% in May of 2020, which was down from 14.5% in April, but significantly higher than the 4.5% rate in May of 2019; and

WHEREAS, approximately \$3,460,000,000 in state and federal unemployment benefits have been paid to Louisiana's unemployed workers since March 22, 2020, and the balance of Louisiana's unemployment trust fund as of June 25, 2020, has declined to approximately \$550,000,000; and

WHEREAS, as the state continues to follow CDC guidelines and progress through the various phases of responsibly opening up the economy, and businesses, workers, and residents become more comfortable and confident, it can be anticipated that the unemployment rate and unemployment claims will decline and revenues from state unemployment taxes will increase, but it will likely take an extensive amount of time before Louisiana's unemployment trust fund will reach prior solvency levels; and

WHEREAS, the taxable wage base for determining employer's unemployment taxes and the formula for the calculation and maximum weekly amount of a worker's unemployment benefits are set on a calendar year basis and La. R.S. 23:1474 provides a procedure and timeframe for determination of the taxable wage base, benefit calculation formula, and maximum benefit amount for the next calendar year; and

WHEREAS, La. R.S. 23:1474 provides that the essential factor in determining those items is Louisiana's unemployment trust fund balance on September first and the projected balance the following September; and

WHEREAS, in accordance with La. R.S. 23:1474, as Louisiana's trust fund balance declines, the taxable wage base increases, thereby increasing an employer's state unemployment taxes and the benefit calculation formula and maximum weekly benefit amount decreases, thereby decreasing an unemployed worker's benefits; and

WHEREAS, immediate action is necessary to address the substantial decrease in the balance of Louisiana's unemployment trust fund to avoid a significant increase in the unemployment tax burden on Louisiana employers and a significant decrease in the amount of benefits for an eligible, qualified Louisiana worker for calendar year 2021, which will make economic recovery for Louisiana even more challenging.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request the governor of the state, the members of the Louisiana delegation of the United States Congress, the Senate Committee on Finance, and the House Committee on Appropriations to respond immediately to address the drastic decline in the balance of Louisiana's unemployment trust fund to avoid an additional tax burden on already struggling businesses and a decrease in benefits for already struggling unemployed workers during these uncertain economic times.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the governor of Louisiana and to each member of the Louisiana delegation of the United States Congress.

PRESIDENT OF THE SENATE